

RUSH

EXECUTIVE DOCUMENT SUMMARY

State Form 41221 (R10/4-06)



Instructions for completing the EDS and the Contract process.

1. Please read the guidelines on the back of this form.
2. Please type all information.
3. Check all boxes that apply.
4. For amendments / renewals, attach original contract.
5. Attach additional pages if necessary.

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OCT 23 2017

IDOA CONTRACTS

TG

AGENCY INFORMATION	
14. Name of agency: Ofc of Management & Budget	15. Requisition Number:
16. Address: Office of Management & Budget 1 N CAPITAL 9TH FLOOR INDIANAPOLIS, IN 46204	
AGENCY CONTACT INFORMATION	
17. Name: Courtney Schaafsma	18. Telephone #: 317/234-2273
19. E-mail address: cschaafsma@duab.in.gov	
COURIER INFORMATION	
20. Name: Courtney Schaafsma	21. Telephone #: 317-234-2273
22. E-mail address: cschaafsma@duab.in.gov	
VENDOR INFORMATION	
23. Vendor ID # 0000350776	
24. Name: MGT OF AMERICA LLC	25. Telephone #: 813.327.4717
26. Address: GARY SCHOOLS RECOVERY 101 W OHIO ST STE 2024 INDIANAPOLIS, IN 46204	
27. E-mail address: ttraviesa@mgtconsulting.com	
28. Is the vendor registered with the Secretary of State? (Out of State Corporations, must be registered) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
29. Primary Vendor: M/WBE/IN-Vetera Minority: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Women: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No IN-Veteran <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	30. Primary Vendor Percentages 100.0 %
31. Sub Vendor: M/WBE/IN-Veteran Minority: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Women: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No IN-Veteran <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	32. If yes, list the %: Minority: _____ % Women: _____ % IN- Veteran _____ %
33. Is there Renewal Language in <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	34. Is there a "Termination for Convenience" clause in the document? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
35. Will the attached document involve data processing or telecommunications system <input type="checkbox"/> Yes: IOT or Delegate has signed off on contract	
36. Statutory Authority (Cite applicable Indiana or Federal Codes): IC 6-1.1-20.3-7.5	
37. Description of work and justification for spending money. (Please give a brief description of the scope of work included in this agreement.) IC 6-1.1-20.3-6.8 designated Gary Community School Corporation as a distressed political subdivision. Per IC 6-1.1-20.3-7.5, the Distressed Unit Appeal Board (DUAB) is required to appoint an emergency manager for the School Corporation. The emergency manager has all of the authority and power traditionally held by the superintendent and the school board for both academic and fiscal matters of the School Corporation.	
38. Justification of vendor selection and determination of price reasonableness: DUAB went through an RFI process in May through July 2017. MGT Consulting Group/Gary Schools Recovery, LLC provided the most responsive proposal to the RFI. The amount of work required, along with the experienced team being provided, made the price reasonable in the eyes of DUAB.	
39. If this contract is submitted late, please explain why: (Required if more than 30 days late.)	
40. Agency fiscal officer or representative appro	41. Date Approved
44. Attorney General's Office approval	45. Date Approved
42. Budget agency approval	46. Agency representative receiving from AG
43. Date Approved	47. Date Approved

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OCT 25 2017

OAG-ADVISORY

PROFESSIONAL SERVICES CONTRACT

EDS # D6-18-GCSC01

This Contract ("this Contract"), entered into by and between the Distressed Unit Appeal Board ("DUAB") (the "State") and Gary Schools Recovery, LLC (the "Emergency Manager"), is executed pursuant to the terms and conditions set forth herein. In consideration of those mutual undertakings and covenants, the parties agree as follows:

1. Duties of Emergency Manager. The Emergency Manager shall provide the services relative to this Contract that are more particularly described and set out in **Attachment A**.

The scope of the Emergency Manager's work under this Contract consists of many functions including Financial Assessment and Development of Policies and Controls; Facility Assessment, Preparation, Security, and Planning; Education Assessment, Organization and Resource Planning; and Management, Communications and Community Engagement (collectively, the "Functions of the Emergency Manager"). The parties recognize that the solution offered by the Emergency Manager to address the needs of the Gary Community School Corporation ("School Corporation") pursuant to this Contract is an integrated one, and, as such, those Functions are interdependent and will operate most effectively to achieve such solution when combined, and less effectively when separated into individual ones. The parties further recognize that due to this integrated nature of these Functions, if any one of them is severed from the Emergency Manager's scope of work under this Contract, the Emergency Manager's ability to achieve success in reliance on the remaining Functions could be detrimentally impaired.

2. Consideration.

A. Base Pay and Performance Incentives – Year 1. Year 1 of the Contract begins on August 1, 2017 and continues until July 31, 2018 ("Year 1"). Remuneration under this Contract for Year 1 of the Contract Term, for professional services, reasonable and necessary travel expenses and other expenses arising from the performance of the duties set forth in Attachment A shall not exceed a base amount of \$3,250,000. In addition to the base amount, the Emergency Manager may receive performance incentives as follows:

1. The Emergency Manager will deliver a viable structural deficit (annual expense versus annual revenues) reduction plan within six (6) months of taking over as Emergency Manager, i.e. not later than January 31, 2018, for DUAB review and approval. The structural deficit reduction plan shall identify the steps required to eliminate the School Corporation's deficit over a reasonable period of time through a combination of strategies, including cost-reduction, debt-restructuring and revenue enhancement, while providing for the on-going operations of the School Corporation. If the plan the Emergency Manager delivers is a viable plan for reducing the School Corporation's structural deficit, DUAB's approval of such plan shall not be unreasonably withheld. Upon DUAB approval of such plan (the "Approved Structural Deficit Reduction Plan"), the Emergency Manager shall receive a \$250,000 performance incentive.
2. The School Corporation had a smooth start to the 2017-2018 school year. "Smooth start" means there were no major impediments to teaching and learning at the resumption of the school year. Achieving a "smooth start" included the following considerations:
 - o The School Corporation opened as previously designated by the School Corporation's Board of Trustees for the 2017-2018 school year.
 - o The necessary school buildings were open and met basic environmental criteria, including the majority of bathrooms were in working order, the maintenance of the

grounds was provided for and students and employees were provided basic supplies such as toilet paper and soap.

- o Bus transportation was provided for students with minimal issues.

The achievement date for this performance incentive was the start of the 2017-2018 school year and not later than September 1, 2017. Because the School Corporation achieved a “smooth start” to the 2017-2018 school year, as defined in this Section, the Emergency Manager shall be paid a \$100,000 performance incentive.

3. If the School Corporation sees average student achievement growth in the 2017-2018 school year compared to the 2016-2017 school year by 10% in grades 3 through 8 throughout the School Corporation district, based on State administered tests, the Emergency Manager shall receive a \$100,000 performance incentive. The achievement date for this performance incentive shall be the date of the last State administered test at the School Corporation during the 2017-2018 school year. The performance incentive cannot be claimed until the School Corporation receives the official results of the State administered tests in the fall of 2018. DUAB, in consultation with the Indiana Department of Education (“DOE”), shall review the results of the State administered tests for the 2017-2018 school year. Upon the School Corporation’s receipt of results of the State administered tests which reflect the appropriate student achievement growth and DUAB’s review of the results, the Emergency Manager shall receive the performance incentive.
4. The School Corporation will reduce by 50% the operating irregularities (i.e. being out of compliance with federal and State authorities) of the School Corporation as identified in the 2014 Indiana State Board of Accounts (“SBOA”) audit report. The specific 2014 SBOA audit report operating irregularities the Emergency Manager will eliminate are the findings entitled below;
 - i. Preparation of the Schedule of Expenditures of Federal Awards
 - ii. Allowable Costs/Cost Principles
 - iii. Allowable Costs/Cost Principles, Cash Management, Period of Availability, Reporting
 - iv. Cash Management and Reporting
 - v. Equipment
 - vi. Period of Availability
 - vii. Special Tests and Provisions - Graduation (Cohort) Rate
 - viii. Special Tests and Provisions – Comparability
 - ix. Internal Controls Over Title I Grants to Local Educational Agencies
 - x. Special Tests and Provisions – Participation of Private School Children (collectively, the “Operating Irregularities”).

No later than September 30, 2018, the Emergency Manager shall provide DUAB with a letter documenting the steps the Emergency Manager took to eliminate the Operating Irregularities. DUAB, in consultation with the SBOA, shall review the progress made by the Emergency Manager in eliminating the Operating Irregularities. The achievement date for this performance incentive shall be the earlier of the end of Year 1 of the Contract Term or the date on which the Emergency Manager submits the letter required herein. The performance incentive cannot be claimed until DUAB has reviewed and accepted the documentation provided as sufficient proof of the elimination of the Operating Irregularities. Upon DUAB’s review and acceptance of the documentation, the Emergency Manager shall receive a \$100,000 performance incentive.

5. The Emergency Manager will develop and adopt internal controls of the major financial systems of the School Corporation by December 31, 2017. The Emergency Manager shall provide DUAB with a letter documenting the policies and procedures for internal controls of the School Corporation’s major financial systems. DUAB, in consultation with the SBOA, shall review the policies and procedures for internal controls for sufficiency and compliance with requirements of SBOA. The achievement date for this performance incentive shall be the date on which the

Emergency Manager submits the letter required herein. The performance incentive cannot be claimed until DUAB has reviewed and accepted the letter and policies and procedures provided as sufficient proof of the implementation of appropriate internal controls of the School Corporation's major financial systems. Upon DUAB's review and acceptance of the letter and policies and procedures,, the Emergency Manager shall receive a \$100,000 performance incentive.

These performance incentives shall not exceed \$650,000.

B. Base Pay and Performance Incentives – Year 2. Year 2 of the Contract begins on August 1, 2018 and continues until July 31, 2019 (“Year 2”). Remuneration under this Contract for Year 2 of the Contract Term, for professional services, reasonable and necessary travel expenses and other expenses arising from the performance of the duties set forth in Attachment A shall not exceed a base amount of \$3,000,000. In addition to the base amount, the Emergency Manager may receive performance incentives as follows:

1. The Emergency Manager will substantially conform to the Approved Structural Deficit Reduction Plan. No later than September 30, 2019, the Emergency Manager shall provide DUAB with a letter documenting the measures the Emergency Manager has taken to achieve substantial conformance to the Approved Structural Deficit Reduction Plan during Year 2 of the Contract Term. DUAB shall review the measures taken by the Emergency Manager in relation to the Approved Structural Deficit Reduction Plan and determine if substantial conformance has been met. The achievement date for this performance incentive shall be the end of Year 2 of the Contract Term. The performance incentive cannot be claimed until DUAB has determined that the Emergency Manager was in substantial conformance with the Approved Structural Deficit Reduction Plan during Year 2 of the Contract Term. Upon DUAB's review and determination of substantial conformance, the Emergency Manager shall receive a \$150,000 performance incentive.
2. The Emergency Manager will provide for a sum of money in an amount equal to at least \$400,000 to pay toward the accrued liabilities of the School Corporation. This sum of money shall be documented in the Approved Structural Deficit Reduction Plan. The provision of this sum of money shall be in substantial conformance with the Approved Structural Deficit Reduction Plan and shall provide for the on-going operations of the School Corporation. The achievement date for this performance incentive shall be the end of Year 2 of the Contract Term. The performance incentive cannot be claimed until DUAB has verified that the Emergency Manager has provided the required sum of money to pay toward the accrued liabilities of the School Corporation, in substantial conformance with the Approved Structural Deficit Reduction Plan and the amount identified therein, during Year 2 of the Contract Term. Upon DUAB's review and verification of the required sum of money, the Emergency Manager shall receive a \$100,000 performance incentive. Notwithstanding the foregoing, if the Emergency Manager provides any sum of money in an amount less than \$400,000 to pay toward the accrued liabilities of the School Corporation, the Emergency Manager shall receive a performance incentive equal to twenty-five percent (25%) of such payment.
3. If the School Corporation sees average student achievement growth in the 2018-2019 school year compared to the 2017-2018 school year by 10% in grades 3 through 8 and 10 throughout the School Corporation, based on State administered tests, the Emergency Manager shall receive a \$150,000 performance incentive. If the Emergency Manager achieves a 20% average improvement, the Emergency Manager shall receive a \$250,000 performance incentive. If the Emergency Manager achieves a 30% or greater improvement, the Emergency Manager shall receive a \$350,000 performance incentive. The achievement date for this performance incentive shall be the date of the last State administered test at the School Corporation during the 2018-2019 school year. The performance incentive cannot be claimed until the School Corporation

receives the official results of the State administered tests in the fall of 2019. DUAB, in consultation with the DOE, shall review the results of the State administered tests for the 2018-2019 school year. Upon the School Corporation's receipt of results of the State administered tests which reflect the appropriate student achievement growth and DUAB's review of the results, the Emergency Manager shall receive the applicable performance incentive.

4. Not later than the first quarter of the 2018-2019 school year, the Emergency Manager will complete the development of a master plan for facilities, seeking community input, providing for improved facility utilization and education suitability. The Emergency Manager shall submit the master plan to DUAB for review and approval. Upon DUAB approval, the Emergency Manager shall receive a \$100,000 performance incentive.
5. If the School Corporation see an increase in the number of students attending the School Corporation by 5% in the 2018-2019 school year compared to the 2017-2018 school year, the Emergency Manager shall receive a \$100,000 performance incentive. The achievement date for this performance incentive shall be the date of the official student count for the 2018-2019 school year as determined by DOE. The performance incentive cannot be claimed until the School Corporation receives the official certification of the student count for the 2018-2019 school year from DOE. DUAB, in consultation with the DOE, shall review the student count for the 2018-2019 school year. Upon the School Corporation's receipt of its official student count for the 2018-2019 school year which reflect the appropriate student count growth and DUAB's review of the count data, the Emergency Manager shall receive the performance incentive.

These performance incentives shall not exceed \$800,000.

C. Base Pay and Performance Incentives – Year 3. Year 3 of the Contract begins on August 1, 2019 and continues until July 31, 2020 ("Year 3"). The Contract may only be continued in Year 3 if the Indiana General Assembly appropriates sufficient funds, as determined by the State Budget Director, to cover the cost of this Contract plus the other expenses and obligations of DUAB. If the State Budget Director determines that the Indiana General Assembly has not appropriated sufficient funds, the State may terminate the Contract. Remuneration under this Contract for Year 3 of the Contract Term, for professional services, reasonable and necessary travel expenses and other expenses arising from the performance of the duties set forth in Attachment A shall not exceed a base amount of \$2,750,000. In addition to the base amount, the Emergency Manager may receive performance incentives as follows:

1. If the School Corporation sees average student achievement growth in the 2019-2020 school year compared to the 2018-2019 school year by 10% in grades 1 through 8 and 10 throughout the School Corporation, based on State administered tests, the Emergency Manager shall receive a \$300,000 performance incentive. If the Emergency Manager achieves a 20% average improvement, the Emergency Manager shall receive a \$400,000 performance incentive. If the Emergency Manager achieves a 30% or greater improvement, the Emergency Manager shall receive a \$500,000 performance incentive. The achievement date for this performance incentive shall be the date of the last State administered test at the School Corporation during the 2019-2020 school year. The performance incentive cannot be claimed until the School Corporation receives the results of the State administered tests in the fall of 2020. DUAB, in consultation with the DOE, shall review the results of the State administered tests for the 2019-2020 school year. Upon the School Corporation's receipt of results of the State administered tests which reflect the appropriate student achievement growth and DUAB's review of the results, the Emergency Manager shall receive the applicable performance incentive.
2. The Emergency Manager will provide for a sum of money in an amount equal to at least \$500,000 to pay toward the accrued liabilities of the School Corporation. The targeted minimum amount for this increased sum of money shall be documented in the Approved Structural Deficit Reduction Plan. The provision of this sum of money shall be in substantial conformance with the

Approved Structural Deficit Reduction Plan and shall provide for the on-going operations of the School Corporation. The achievement date for this performance incentive shall be the end of Year 3 of the Contract Term. The performance incentive cannot be claimed until DUAB has verified that the Emergency Manager has provided the required sum of money to pay toward the accrued liabilities of the School Corporation, in substantial conformance with the Approved Structural Deficit Reduction Plan and the amount identified therein, during Year 3 of the Contract Term. Upon DUAB's review and verification of the required sum of money, the Emergency Manager shall receive a \$100,000 performance incentive. Notwithstanding the foregoing, if the Emergency Manager provides any sum of money in an amount less than \$500,000 to pay toward the accrued liabilities of the School Corporation, the Emergency Manager shall receive a performance incentive equal to twenty percent (20%) of such payment.

3. The Emergency Manager will substantially conform to the Approved Structural Deficit Reduction Plan. No later than September 30, 2020, the Emergency Manager shall provide DUAB with a letter documenting the measures the Emergency Manager has taken to achieve substantial conformance to the Approved Structural Deficit Reduction Plan during Year 3 of the Contract Term. DUAB shall review the measures taken by the Emergency Manager in relation to the Approved Structural Deficit Reduction Plan and determine if substantial conformance has been met. The achievement date for this performance incentive shall be the end of Year 3 of the Contract Term. The performance incentive cannot be claimed until DUAB has determined that the Emergency Manager was in substantial conformance with the Approved Structural Deficit Reduction Plan during Year 3 of the Contract Term. Upon DUAB's review and determination of substantial conformance, the Emergency Manager shall receive a \$100,000 performance incentive.
4. If the School Corporation sees an increase in the number of students attending the School Corporation by 5% in the 2019-2020 school year compared to the 2018-2019 school year, the Emergency Manager shall receive a \$250,000 performance incentive. The achievement date for this performance incentive shall be the date of the official student count for the 2019-2020 school year as determined by DOE. The performance incentive cannot be claimed until the School Corporation receives the official certification of the student count for the 2019-2020 school year from DOE. DUAB, in consultation with the DOE, shall review the student count for the 2019-2020 school year. Upon the School Corporation's receipt of its official student count for the 2019-2020 school year which reflect the appropriate student count growth and DUAB's review of the count data, the Emergency Manager shall receive the performance incentive.

These performance incentives shall not exceed \$950,000.

D. Base Pay – Payment Schedule. Until this Contract is terminated or canceled, in whole or in part, in accordance with the terms hereof, the Emergency Manager shall be paid the base amount, payable in arrears for the preceding payment period, as follows:

Year 1 Payment Schedule

Invoice Date	Invoice Amount
September 18, 2017	\$ 789,375
September 30, 2017	337,041
October 31, 2017	241,584
November 30, 2017	197,000
December 31, 2017	226,000
January 31, 2018	190,000
February 28, 2018	211,000
March 31, 2018	228,000

April 30, 2018	194,000
May 31, 2018	194,000
June 30, 2018	203,000
July 31, 2018	239,000

Year 2 Payment Schedule

Invoice Date	Invoice Amount
August 31, 2018	\$ 375,000
September 30, 2018	295,000
October 31, 2018	282,000
November 30, 2018	214,000
December 31, 2018	207,000
January 31, 2019	216,000
February 28, 2019	225,000
March 31, 2019	263,000
April 30, 2019	221,000
May 31, 2019	221,000
June 30, 2019	230,000
July 31, 2019	251,000

Year 3 Payment Schedule

Invoice Date	Invoice Amount
August 31, 2019	\$ 296,000
September 30, 2019	222,000
October 31, 2019	220,000
November 30, 2019	214,000
December 31, 2019	202,000
January 31, 2020	198,000
February 28, 2020	225,000
March 31, 2020	261,000
April 30, 2020	219,000
May 31, 2020	219,000
June 30, 2020	228,000
July 31, 2020	246,000

In the event the Contract is terminated or canceled, no further payments or incentives shall be paid after the date of termination or cancellation except as otherwise provided in this Contract.

The Emergency Manager shall submit a monthly invoice in the amounts identified above. The monthly report that is required to be submitted to DUAB under Attachment A of this Contract will be used to document work completed in the prior period. The Emergency Manager will provide the number of hours worked by Functions of the Emergency Manager in the period covered by the monthly invoice.

E. Incentive Payments – Satisfactory Proof and DUAB Approval. The Emergency Manager shall submit the necessary documentation as outlined in Section 2.A., 2.B. and 2.C. for each incentive payment it deems to have achieved. Upon receipt, DUAB shall take action as outlined in Section 2.A., 2.B. and 2.C. based on the performance incentive determined to have been achieved. DUAB shall complete its review within thirty (30) days of receipt of the necessary documentation. If DUAB does not complete its review within thirty (30) days of receipt of the necessary documentation, the incentive shall be deemed to

have been achieved. After DUAB's completion of its review or thirty (30) days after receipt of the necessary documentation, whichever is later, the Emergency Manager shall be permitted to submit an invoice and receive payment for the applicable incentive payment. Notwithstanding this paragraph, with respect to the incentive payment under Section 2.A.(2), the Emergency Manager shall submit an invoice to DUAB at the time this Contract is executed for the \$100,000 incentive payment due thereunder, as a result of achieving a "smooth start" to the 2017-2018 school year, as defined therein.

For purposes of this Section and Sections 2.A., 2.B., and 2.C., DUAB shall conduct a reasonable review of the deliverable or other documentation provided by the Emergency Manager for purposes of achieving an incentive payment. DUAB's right to object to, or disprove of, such deliverable or other documentation shall not be unreasonably exercised, and DUAB's approval of such deliverable or documentation shall not be unreasonably withheld, delayed or conditioned.

In addition to the base pay or incentive payments otherwise due to the Emergency Manager under this Section, the Emergency Manager may be reimbursed for services rendered by subcontractors and other consultants only with the prior approval of the DUAB Chairman or the executive director of DUAB ("DUAB Executive Director") and as determined by agreement of the parties pursuant to Attachment A.

F. Remuneration In Event of Petition Filed Under IC 6-1.1-20.3-9.9.

1. In the event a petition appealing a decision by the Emergency Manager is filed with DUAB pursuant to IC 6-1.1-20.3-9.9, and, after considering the petition, DUAB shall pay all reasonable expenses and attorney's fees incurred by the Emergency Manager to defend its decision in connection with such petition, or consolidated petitions, as determined by DUAB in connection with its consideration of more than one petition. The total amount of reasonable expenses and attorney's fees that DUAB shall be obligated to pay in any given Contract year shall not exceed \$30,000. In addition, the amount of reasonable expenses and attorney's fees that DUAB shall be obligated to pay for any petition shall not exceed \$7,500, whether a hearing includes one petition or multiple consolidated petitions.
2. In the event the filing of such petition delays the Emergency Manager's ability to achieve an incentive by the achievement date listed in this Section 2, the Emergency Manager shall be permitted an extension, equal to the period from the filing of such petition to the date of resolution, to achieve such incentive and receive the corresponding incentive payment.

G. Liability for Failure to Pay Withholding Tax. The Emergency Manager shall take all actions, within its reasonable control, to ensure that all federal, state, or local taxes owed by the School Corporation are timely paid, in accordance with all applicable federal, state, and local laws. Pursuant to IC 6-1.1-20.3-6.8, the Emergency Manager may direct the chief financial officer for the School Corporation to pay any or all federal, state, or local taxes pursuant to this section, but the chief financial officer shall report to the Emergency Manager at all times.

In the event the Internal Revenue Service ("IRS") asserts a trust fund recovery penalty ("TRFP") against the Emergency Manager, an employee of the Emergency Manager, an employee of the School Corporation, or any other person acting on behalf of the School Corporation, the Emergency Manager may reimburse the person's legal fees from the School Corporation's funds if it is finally determined by the IRS or by a court of competent jurisdiction that the person is not liable for the TRFP. This section does not preclude the Attorney General from representing the Emergency Manager or an employee of the Emergency Manager in a proceeding related to a TRFP.

H. Survival of Payment Obligations. Notwithstanding anything in this Contract to the contrary, any obligation owed to the Emergency Manager pursuant to this Contract shall survive the termination, cancellation or expiration of this Contract.

3. Term. This Contract shall be effective for a period of three (3) years except that Year 3 of the Contract shall be subject to appropriations made by the Indiana General Assembly as set forth in Section 2.C. It shall commence on August 1, 2017 and shall remain in effect through July 31, 2020.

4. Access to Records. The Emergency Manager and its subcontractors, if any, shall maintain all books, documents, papers, accounting records, and other evidence pertaining to all costs incurred under this Contract. They shall make such materials available at their respective offices at all reasonable times during this Contract, and for three (3) years from the date of final payment under this Contract, for inspection by the State or its authorized designees. Copies shall be furnished at no cost to the State if requested.

5. Assignment; Successors. The Emergency Manager binds its successors and assignees to all the terms and conditions of this Contract. The Emergency Manager shall not assign or subcontract the whole or any part of this Contract without the State's prior written consent. The State's consent under this Section shall not be unreasonably withheld. The Emergency Manager may assign its right to receive payments to such third parties as the Emergency Manager may desire without the prior written consent of the State, provided that the Emergency Manager gives written notice (including evidence of such assignment) to the State thirty (30) days in advance of any payment so assigned. The assignment shall cover all unpaid amounts under this Contract and shall not be made to more than one party.

6. Assignment of Antitrust Claims. As part of the consideration for the award of this Contract, the Emergency Manager assigns to the State all right, title and interest in and to any claims the Emergency Manager now has, or may acquire, under state or federal antitrust laws relating to the products or services which are the subject of this Contract.

7. Audits. The Emergency Manager acknowledges that it may be required to submit to an audit of funds paid through this Contract. Any such audit shall be conducted in accordance with IC §5-11-1, *et seq.*, and audit guidelines specified by the State.

8. Authority to Bind Emergency Manager. The signatory for the Emergency Manager represents that he/she has been duly authorized to execute this Contract on behalf of the Emergency Manager and has obtained all necessary or applicable approvals to make this Contract fully binding upon the Emergency Manager when his/her signature is affixed, and accepted by the State.

9. Changes in Work. The Emergency Manager shall not commence any additional work or change the scope of the work until authorized in writing by the State. The Emergency Manager shall make no claim for additional compensation in the absence of a prior written approval and amendment executed by all signatories hereto. This Contract may only be amended, supplemented or modified by a written document executed in the same manner as this Contract.

10. Compliance with Laws.

A. The Emergency Manager shall comply with all applicable federal, state, and local laws, rules, regulations, and ordinances, and all provisions required thereby to be included herein are hereby incorporated by reference. The enactment or modification of any applicable state or federal statute or the promulgation of rules or regulations thereunder after execution of this Contract shall be reviewed by the State and the Emergency Manager to determine whether the provisions of this Contract require formal

modification. The enactment or modification of any applicable state or federal statutes after execution of this Contract affecting the Emergency Manager's authority, duties, or scope of work as set forth in this Contract and Attachment A are hereby incorporated into this Contract by reference, and the parties shall formally modify the Contract to conform to any such enactments or modifications.

B. The Emergency Manager and its agents shall abide by all ethical requirements that apply to persons who have a business relationship with the State as set forth in IC §4-2-6, *et seq.*, IC §4-2-7, *et seq.* and the regulations promulgated thereunder. **If the Emergency Manager has knowledge, or would have acquired knowledge with reasonable inquiry, that a state officer, employee, or special state appointee, as those terms are defined in IC 4-2-6-1, has a financial interest in the Contract, the Emergency Manager shall ensure compliance with the disclosure requirements in IC 4-2-6-10.5 prior to the execution of this contract.** If the Emergency Manager is not familiar with these ethical requirements, the Emergency Manager should refer any questions to the Indiana State Ethics Commission, or visit the Inspector General's website at <http://www.in.gov/ig/>. If the Emergency Manager or its agents violate any applicable ethical standards, the State may, in its sole discretion, terminate this Contract immediately upon notice to the Emergency Manager. In addition, the Emergency Manager may be subject to penalties under IC §§4-2-6, 4-2-7, 35-44.1-1-4, and under any other applicable laws.

C. The Emergency Manager certifies by entering into this Contract that neither it nor its principal(s) is presently in arrears in payment of taxes, permit fees or other statutory, regulatory or judicially required payments to the State of Indiana. The Emergency Manager agrees that any payments currently due to the State of Indiana may be withheld from payments due to the Emergency Manager. Additionally, further work or payments may be withheld, delayed, or denied and/or this Contract suspended until the Emergency Manager is current in its payments and has submitted proof of such payment to the State.

D. The Emergency Manager warrants that it has no current, pending or outstanding criminal, civil, or enforcement actions initiated by the State, and agrees that it will immediately notify the State of any such actions. During the term of such actions, the Emergency Manager agrees that the State may delay, withhold, or deny work under any supplement, amendment, change order or other contractual device issued pursuant to this Contract.

E. If a valid dispute exists as to the Emergency Manager's liability or guilt in any action initiated by the State or its agencies, and the State decides to delay, withhold, or deny work to the Emergency Manager, the Emergency Manager may request that it be allowed to continue, or receive work, without delay. The Emergency Manager must submit, in writing, a request for review to the Indiana Department of Administration (IDOA) following the procedures for disputes outlined herein. A determination by IDOA shall be binding on the parties. Any payments that the State may delay, withhold, deny, or apply under this section shall not be subject to penalty or interest, except as permitted by IC §5-17-5.

F. The Emergency Manager warrants that the Emergency Manager and its subcontractors, if any, shall obtain and maintain all required permits, licenses, registrations, and approvals, and shall comply with all health, safety, and environmental statutes, rules, or regulations in the performance of work activities for the State. Failure to do so may be deemed a material breach of this Contract and grounds for immediate termination and denial of further work with the State.

G. The Emergency Manager affirms that, if it is an entity described in IC Title 23, it is properly registered and owes no outstanding reports to the Indiana Secretary of State.

H. As required by IC §5-22-3-7:

(1) The Emergency Manager and any principals of the Emergency Manager certify that:

- (A) the Emergency Manager, except for de minimis and nonsystematic violations, has not violated the terms of:
 - (i) IC §24-4.7 [Telephone Solicitation Of Consumers];
 - (ii) IC §24-5-12 [Telephone Solicitations]; or
 - (iii) IC §24-5-14 [Regulation of Automatic Dialing Machines];
 in the previous three hundred sixty-five (365) days, even if IC §24-4.7 is preempted by federal law; and
 - (B) the Emergency Manager will not violate the terms of IC §24-4.7 for the duration of the Contract, even if IC §24-4.7 is preempted by federal law.
- (2) The Emergency Manager and any principals of the Emergency Manager certify that an affiliate or principal of the Emergency Manager and any agent acting on behalf of the Emergency Manager or on behalf of an affiliate or principal of the Emergency Manager, except for de minimis and nonsystematic violations,
- (A) has not violated the terms of IC §24-4.7 in the previous three hundred sixty-five (365) days, even if IC §24-4.7 is preempted by federal law; and
 - (B) will not violate the terms of IC §24-4.7 for the duration of the Contract, even if IC §24-4.7 is preempted by federal law.

11. Condition of Payment. All services provided by the Emergency Manager under this Contract must be performed to the State's reasonable satisfaction, as determined at the discretion of the undersigned State representative and in accordance with all applicable federal, state, local laws, ordinances, rules and regulations. The State shall not be required to pay for work found to be unsatisfactory, inconsistent with this Contract or performed in violation of any federal, state or local statute, ordinance, rule or regulation.

12. Confidentiality of State Information. The Emergency Manager understands and agrees that data, materials, and information disclosed to the Emergency Manager may contain confidential and protected information. The Emergency Manager covenants that data, material, and information gathered, based upon or disclosed to the Emergency Manager for the purpose of this Contract will not be disclosed to or discussed with third parties without the prior written consent of the State.

The parties acknowledge that the services to be performed by Emergency Manager for the State under this Contract may require or allow access to data, materials, and information containing Social Security numbers maintained by the State in its computer system or other records. In addition to the covenant made above in this section and pursuant to 10 IAC 5-3-1(4), the Emergency Manager and the State agree to comply with the provisions of IC §4-1-10 and IC §4-1-11. If any Social Security number(s) is/are disclosed by Emergency Manager, Emergency Manager agrees to pay the cost of the notice of disclosure of a breach of the security of the system in addition to any other claims and expenses for which it is liable under the terms of this contract.

13. Continuity of Services.

A. The Emergency Manager recognizes that the service(s) to be performed under this Contract are vital to the State and must be continued without interruption and that, upon Contract expiration, a successor, either the State or another emergency manager, may continue them. At the direction of DUAB, the Emergency Manager agrees to:

1. Furnish phase-in training; and
2. Exercise its best efforts and cooperation to effect an orderly and efficient transition to a successor.

- B. The Emergency Manager shall, upon the State's written notice and at the direction of DUAB:
1. Furnish phase-in, phase-out services for up to sixty (60) days after this Contract expires, is terminated pursuant to Sections 45, 46, 47, or 48, or is otherwise terminated under this Contract; and
 2. Negotiate in good faith a plan with a successor to determine the nature and extent of phase-in, phase-out services required. The plan shall specify a training program and a date for transferring responsibilities for each division of work described in the plan, and shall be subject to the State's approval. The Emergency Manager shall provide sufficient experienced personnel during the phase-in, phase-out period to ensure that the services called for by this Contract are maintained at the required level of proficiency.
- C. The Emergency Manager shall allow as many personnel as practicable to remain on the job to help the successor maintain the continuity and consistency of the services required by this Contract.
- D. The Emergency Manager shall be reimbursed for all reasonable phase-in, phase-out costs (i.e., costs incurred within the agreed period after contract expiration that result from phase-in, phase-out operations).

14. Debarment and Suspension.

A. The Emergency Manager certifies by entering into this Contract that neither it nor its principals nor any of its subcontractors are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from entering into this Contract by any federal agency or by any department, agency or political subdivision of the State of Indiana. The term "principal" for purposes of this Contract means an officer, director, owner, partner, key employee or other person with primary management or supervisory responsibilities, or a person who has a critical influence on or substantive control over the operations of the Emergency Manager.

B. The Emergency Manager certifies that it has verified the state and federal suspension and debarment status for all subcontractors receiving funds under this Contract and shall be solely responsible for any recoupment, penalties or costs that might arise from use of a suspended or debarred subcontractor. The Emergency Manager shall immediately notify the State if any subcontractor becomes debarred or suspended, and shall, at the State's request, take all steps required by the State to terminate its contractual relationship with the subcontractor for work to be performed under this Contract.

15. Default by State. If the State, sixty (60) days after receipt of written notice, fails to correct or cure any material breach of this Contract, the Emergency Manager may cancel and terminate this Contract and institute measures to collect monies due up to and including the date of termination. The State agrees to hold the Emergency Manager harmless for errors or omissions on any Materials (as defined in Section 36 hereof) that are incomplete as a result of any cancellation or termination under this Section.

16. Disputes.

A. Should any disputes arise with respect to this Contract, the Emergency Manager and the State agree to act immediately to resolve such disputes. Time is of the essence in the resolution of disputes.

B. The Emergency Manager agrees that, the existence of a dispute notwithstanding, it will continue without delay to carry out all of its responsibilities under this Contract that are not affected by the dispute. Should the Emergency Manager fail to continue to perform its responsibilities regarding all non-disputed work, without delay, any additional costs incurred by the State or the Emergency Manager as a result of

such failure to proceed shall be borne by the Emergency Manager, and the Emergency Manager shall make no claim against the State for such costs. Notwithstanding this subsection, if the Emergency Manager is required to continue to carry out non-disputed work for a period of sixty (60) days or more, the Emergency Manager may terminate this Contract by delivering a Termination Notice to the State at least thirty (30) days before the effective date set forth in such Notice. The State agrees to hold the Emergency Manager harmless for error or omissions in any Materials that are incomplete as a result of any such termination.

C. If the parties are unable to resolve a contract dispute between them after good faith attempts to do so, a dissatisfied party shall submit the dispute to the Commissioner of the Indiana Department of Administration for resolution. The dissatisfied party shall give written notice to the Commissioner and the other party. The notice shall include: (1) a description of the disputed issues, (2) the efforts made to resolve the dispute, and (3) a proposed resolution. The Commissioner shall promptly issue a Notice setting out documents and materials to be submitted to the Commissioner in order to resolve the dispute; the Notice may also afford the parties the opportunity to make presentations and enter into further negotiations. Within thirty (30) business days of the conclusion of the final presentations, the Commissioner shall issue a written decision and furnish it to both parties. The Commissioner's decision shall be the final and conclusive administrative decision unless either party serves on the Commissioner and the other party, within ten (10) business days after receipt of the Commissioner's decision, a written request for reconsideration and modification of the written decision. If the Commissioner does not modify the written decision within thirty (30) business days, either party may take such other action helpful to resolving the dispute, including submitting the dispute to an Indiana court of competent jurisdiction. If the parties accept the Commissioner's decision, it may be memorialized as a written Amendment to this Contract if appropriate.

D. The State may withhold payments on disputed items pending resolution of the dispute. The unintentional nonpayment by the State to the Emergency Manager of one or more invoices not in dispute in accordance with the terms of this Contract will not be cause for the Emergency Manager to terminate this Contract, and the Emergency Manager may bring suit to collect these amounts without following the disputes procedure contained herein.

E. With the written approval of the Commissioner of the Indiana Department of Administration, the parties may agree to forego the process described in subdivision C. relating to submission of the dispute to the Commissioner.

F. This paragraph shall not be construed to abrogate provisions of Ind. Code 4-6-2-11 in situations where dispute resolution efforts lead to a compromise of claims in favor of the State as described in that statute. In particular, releases or settlement agreements involving releases of legal claims or potential legal claims of the state should be processed consistent with Ind. Code 4-6-2-11, which requires approval of the Governor and Attorney General.

17. Drug-Free Workplace Certification. For purposes of this Section, "Workplace" shall mean the offices of the Emergency Manager located at 101 West Ohio Street, Suite 2017 ABC, Indianapolis, Indiana. For purposes of this Section, "Employee" shall mean a person directly employed by the Emergency Manager, and does not include an employee of the School Corporation, a subcontractor or any other person. As required by Executive Order No. 90-5 dated April 12, 1990, issued by the Governor of Indiana, the Emergency Manager hereby covenants and agrees to make a good faith effort to provide and maintain a drug-free workplace. The Emergency Manager will give written notice to the State within ten (10) days after receiving actual notice that the Emergency Manager, or an employee of the Emergency Manager in the State of Indiana, has been convicted of a criminal drug violation occurring in the workplace. False certification or violation of this certification may result in sanctions including, but not

limited to, suspension of contract payments, termination of this Contract and/or debarment of contracting opportunities with the State for up to three (3) years.

In addition to the provisions of the above paragraph, if the total amount set forth in this Contract is in excess of \$25,000.00, the Emergency Manager certifies and agrees that it will provide a drug-free workplace by:

- A. Publishing and providing to all of its employees a statement notifying them that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the Emergency Manager's workplace, and specifying the actions that will be taken against employees for violations of such prohibition;
- B. Establishing a drug-free awareness program to inform its employees of: (1) the dangers of drug abuse in the workplace; (2) the Emergency Manager's policy of maintaining a drug-free workplace; (3) any available drug counseling, rehabilitation and employee assistance programs; and (4) the penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace;
- C. Notifying all employees in the statement required by subparagraph (A) above that as a condition of continued employment, the employee will: (1) abide by the terms of the statement; and (2) notify the Emergency Manager of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;
- D. Notifying the State in writing within ten (10) days after receiving notice from an employee under subdivision (C)(2) above, or otherwise receiving actual notice of such conviction;
- E. Within thirty (30) days after receiving notice under subdivision (C)(2) above of a conviction, imposing the following sanctions or remedial measures on any employee who is convicted of drug abuse violations occurring in the workplace: (1) taking appropriate personnel action against the employee, up to and including termination; or (2) requiring such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state or local health, law enforcement, or other appropriate agency; and
- F. Making a good faith effort to maintain a drug-free workplace through the implementation of subparagraphs (A) through (E) above.

18. Employment Eligibility Verification. As required by IC §22-5-1.7, the Emergency Manager swears or affirms under the penalties of perjury that the Emergency Manager does not knowingly employ an unauthorized alien. The Emergency Manager further agrees that:

- A. The Emergency Manager shall enroll in and verify the work eligibility status of all his/her/its newly hired employees through the E-Verify program as defined in IC §22-5-1.7-3. The Emergency Manager is not required to participate should the E-Verify program cease to exist. Additionally, the Emergency Manager is not required to participate if the Emergency Manager is self-employed and does not employ any employees.
- B. The Emergency Manager shall not knowingly employ or contract with an unauthorized alien. The Emergency Manager shall not retain an employee or contract with a person that the Emergency Manager subsequently learns is an unauthorized alien.
- C. The Emergency Manager shall require his/her/its subcontractors, who perform work under this Contract, to certify to the Emergency Manager that the subcontractor does not knowingly employ or

contract with an unauthorized alien and that the subcontractor has enrolled and is participating in the E-Verify program. The Emergency Manager agrees to maintain this certification throughout the duration of the term of a contract with a subcontractor.

The State may terminate for default if the Emergency Manager fails to cure a breach of this provision no later than thirty (30) days after being notified by the State.

19. Employment Option. Removed by agreement of the parties.

20. Force Majeure. In the event that either party is unable to perform any of its obligations under this Contract or to enjoy any of its benefits because of natural disaster or decrees of governmental bodies not the fault of the affected party (hereinafter referred to as a "Force Majeure Event"), the party who has been so affected shall immediately or as soon as is reasonably possible under the circumstances give notice to the other party and shall do everything possible to resume performance. Upon receipt of such notice, all obligations under this Contract shall be immediately suspended. If the period of nonperformance exceeds thirty (30) days from the receipt of notice of the Force Majeure Event, the party whose ability to perform has not been so affected may, by giving written notice, terminate this Contract.

21. Funding Cancellation. When the Director of the State Budget Agency makes a written determination that funds are not appropriated or otherwise available to support continuation of performance of this Contract, this Contract shall be canceled. A determination by the Director of State Budget Agency that funds are not appropriated or otherwise available to support continuation of performance shall be final and conclusive. The State agrees to hold the Emergency Manager harmless for errors or omissions in any Materials that are incomplete as a result of any such cancellation under this Section.

22. Governing Law. This Contract shall be governed, construed, and enforced in accordance with the laws of the State of Indiana, without regard to its conflict of laws rules. Suit, if any, must be brought in the State of Indiana.

23. HIPAA Compliance. If this Contract involves services, activities or products subject to the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the Emergency Manager covenants that it will appropriately safeguard Protected Health Information (defined in 45 CFR 160.103), and agrees that it is subject to, and shall comply with, the provisions of 45 CFR 164 Subpart E regarding use and disclosure of Protected Health Information.

24. Indemnification. The Emergency Manager agrees to indemnify, defend, and hold harmless the State, its agents, officials, and employees from all third party claims and suits including court costs, attorney's fees, and other expenses caused by any act or omission of the Emergency Manager and/or its subcontractors, if any, in the performance of this Contract. The State shall not provide such indemnification to the Emergency Manager.

25. Statutory Limits on Liability. Pursuant to IC 6-1.1-20.3-7.5, the Emergency Manager shall be immune from civil liability for an act or omission within the scope and arising out of the performance of its duties prescribed by the State and DUAB under IC 6-1.1-20.3, this Contract and Attachment A to this Contract, so long as the act or omission does not constitute gross negligence or willful misconduct. As provided in IC 6-1.1-20.3-7.5, the Attorney General of the State of Indiana ("Attorney General") may represent the Emergency Manager and its employees in a legal action arising out of the Emergency Manager's exercise of powers granted under IC 6-1.1-20.3, this Contract and Attachment A to this Contract, if the Emergency Manager makes a written request to the Attorney General requesting such representation. In any legal action arising out of the Emergency Manager's exercise of powers granted

under IC 6-1.1-20.3, this Contract and Attachment A to this Contract, the Emergency Manager must make a written request to the Attorney General for representation pursuant to IC 6-1.1-20.3-7.5. For the purposes of any provisions in this Contract which provide for DUAB or the School Corporation to pay attorneys' fees or expenses of the Emergency Manager, such fees shall be paid only if the Emergency Manager has made a written request to the Attorney General for representation and the Attorney General has denied the Emergency Manager's request.

26. Independent Entity; Workers' Compensation Insurance. The Emergency Manager is performing as an independent entity under this Contract. No part of this Contract shall be construed to represent the creation of an employment, agency, partnership or joint venture agreement between the parties. Neither party will assume liability for any injury (including death) to any persons, or damage to any property, arising out of the acts or omissions of the agents, employees or subcontractors of the other party. The Emergency Manager shall provide all necessary unemployment and workers' compensation insurance for the Emergency Manager's employees, and shall provide the State with a Certificate of Insurance evidencing such coverage prior to starting work under this Contract.

27. Information Technology Enterprise Architecture Requirements. Removed by agreement of the parties.

28. Insurance.

A. The Emergency Manager and their subcontractors (if any) shall secure and keep in force during the term of this Contract the following insurance coverages (if applicable) covering the Emergency Manager for any and all claims of any nature which may in any manner arise out of or result from Emergency Manager's performance under this Contract:

1. Commercial general liability, including contractual coverage, and products or completed operations coverage (if applicable), with minimum liability limits not less than \$700,000 per person and \$5,000,000 per occurrence unless additional coverage is required by the State. The State is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly under or in connection with this Contract.
2. Automobile liability for owned, non-owned and hired autos with minimum liability limits of \$700,000 per person and \$5,000,000 per occurrence. The State is to be named as an additional insured on a primary, non-contributory basis.
3. Errors and Omissions liability with minimum liability limits of \$1,000,000 per claim and in the aggregate. Coverage for the benefit of the State shall continue for a period of two (2) years after the date of service provided under this Contract.
4. Fiduciary Liability is required if the Emergency Manager is responsible for the management and oversight of various employee benefit plans and programs such as pensions, profit sharing and savings, among others. These entities face potential claims for mismanagement brought by plan members. Limits should be no less than \$700,000 per cause of action and \$5,000,000 per occurrence.
5. Valuable Papers coverage, available under an Inland Marine policy, is required when any plans, drawings, media, data, records, reports, billings and other documents are produced or used under this Contract. Insurance must have limits sufficient to pay for the re-creation and reconstruction of such records.

6. The Emergency Manager shall secure the appropriate Surety or Fidelity Bond(s) as required by IC 20-26-4-5.

7. The Emergency Manager shall provide proof of such insurance coverage by tendering to the undersigned State representative a certificate of insurance prior to the commencement of this Contract and proof of workers' compensation coverage meeting all statutory requirements of IC §22-3-2. In addition, proof of an "all states endorsement" covering claims occurring outside the State is required if any of the services provided under this Contract involve work outside of Indiana.

B. The Emergency Manager's insurance coverage must meet the following additional requirements:

1. The insurer must have a certificate of authority or other appropriate authorization to operate in the state in which the policy was issued.
2. Any deductible or self-insured retention amount or other similar obligation under the insurance policies shall be the sole obligation of the Emergency Manager.
3. The State will be defended, indemnified and held harmless to the full extent of any coverage actually secured by the Emergency Manager in excess of the minimum requirements set forth above. The duty to indemnify the State under this Contract shall not be limited by the insurance required in this Contract.
4. The insurance required in this Contract, through a policy or endorsement(s), shall include a provision that the policy and endorsements may not be canceled or modified without thirty (30) days' prior written notice to the undersigned State agency.
5. The Emergency Manager waives and agrees to require their insurer to waive their rights of subrogation against the State of Indiana.

C. Failure to provide insurance as required in this Contract may be deemed a material breach of contract entitling the State to immediately terminate this Contract. The Emergency Manager shall furnish a certificate of insurance and all endorsements to the State before the commencement of this Contract.

29. Key Person(s).

A. If both parties have designated that certain individual(s) are essential to the services offered, the parties agree that should such individual(s) leave their employment during the term of this Contract for whatever reason, the State shall have the right to terminate this Contract upon thirty (30) days' prior written notice, if the Emergency Manager has not replaced such individual with an individual to the satisfaction of the State within thirty (30) days of the date such individual left the employment of the Emergency Manager. The State agrees to hold the Emergency Manager harmless for errors or omissions in any Materials that are incomplete as a result of any termination under this Section.

B. In the event that the Emergency Manager is an individual, that individual shall be considered a key person and, as such, essential to this Contract. Substitution of another for the Emergency Manager shall not be permitted without express written consent of the State.

Nothing in sections A and B, above shall be construed to prevent the Emergency Manager from using the services of others to perform tasks ancillary to those tasks which directly require the expertise of the key

person. Examples of such ancillary tasks include secretarial, clerical, and common labor duties. The Emergency Manager shall, at all times, remain responsible for the performance of all necessary tasks, whether performed by a key person or others.

Key person(s) to this Contract are Dr. Peggy Hinckley.

30. Licensing Standards. The Emergency Manager, its employees and subcontractors shall comply with all applicable licensing standards, certification standards, accrediting standards and any other laws, rules, or regulations governing services to be provided by the Emergency Manager pursuant to this Contract. The State will not pay the Emergency Manager for any services performed when the Emergency Manager, its employees or subcontractors are not in compliance with such applicable standards, laws, rules, or regulations. If any license, certification or accreditation expires or is revoked, or any disciplinary action is taken against an applicable license, certification, or accreditation, the Emergency Manager shall notify the State immediately and the State, at its option, may immediately terminate this Contract.

31. Merger & Modification. This Contract constitutes the entire agreement between the parties. No understandings, agreements, or representations, oral or written, not specified within this Contract will be valid provisions of this Contract. This Contract may not be modified, supplemented, or amended, except by written agreement signed by all necessary parties.

32. Minority and Women's Business Enterprises Compliance. Removed by agreement of the parties.

33. Nondiscrimination. Pursuant to the Indiana Civil Rights Law, specifically including IC §22-9-1-10, and in keeping with the purposes of the federal Civil Rights Act of 1964, the Age Discrimination in Employment Act, and the Americans with Disabilities Act, the Emergency Manager covenants that it shall not discriminate against any employee or applicant for employment relating to this Contract with respect to the hire, tenure, terms, conditions or privileges of employment or any matter directly or indirectly related to employment, because of the employee's or applicant's race, color, national origin, religion, sex, age, disability, ancestry, status as a veteran, or any other characteristic protected by federal, state, or local law ("Protected Characteristics"). Emergency Manager certifies compliance with applicable federal laws, regulations, and executive orders prohibiting discrimination based on the Protected Characteristics in the provision of services. Breach of this paragraph may be regarded as a material breach of this Contract, but nothing in this paragraph shall be construed to imply or establish an employment relationship between the State and any applicant or employee of the Emergency Manager or any subcontractor.

The State is a recipient of federal funds, and therefore, where applicable, Emergency Manager and any subcontractors shall comply with requisite affirmative action requirements, including reporting, pursuant to 41 CFR Chapter 60, as amended, and Section 202 of Executive Order 11246 as amended by Executive Order 13672.

34. Notice to Parties. Whenever any notice, statement or other communication is required under this Contract, it shall be sent by first class mail or via an established courier/delivery service to the following addresses, unless otherwise specifically advised.

A. Notices to the State shall be sent to: **(Include contact name and/or title, name of agency & address)**

Micah Vincent
Director
Office of Management and Budget
200 West Washington Street, Room 215
Indianapolis, IN 46204

With a copy to: Courtney Schaafsma
Executive Director
Distressed Unit Appeal Board
One North Capitol Street, Suite 900
Indianapolis, IN 46204

B. Notices to the Emergency Manager shall be sent to: **(Include contact name and/or title, name of vendor & address)**

Gary Schools Recovery, LLC
c/o Trey Traviesa
4320 West Kennedy Boulevard
Tampa, FL 33609

With a copy to: Barnes & Thornburg LLP
11 S. Meridian Street
Indianapolis, IN 46204
Attn: Lauren Box

As required by IC §4-13-2-14.8, payments to the Emergency Manager shall be made via electronic funds transfer in accordance with instructions filed by the Emergency Manager with the Indiana Auditor of State.

35. Order of Precedence; Incorporation by Reference. Any inconsistency or ambiguity in this Contract shall be resolved by giving precedence in the following order: (1) this Contract, (2) attachments prepared by the State, including Attachment A, (3) RFI#17-111, (4) Emergency Manager's response to RFI#17-111 and additional supplemental information provided by the Emergency Manager, and (5) attachments prepared by the Emergency Manager. All attachments, and all documents referred to in this paragraph, are hereby incorporated fully by reference.

36. Ownership of Documents and Materials.

A. The Emergency Manager grants the State a non-exclusive, non-cancelable, perpetual, worldwide royalty-free license to use all documents, records, programs, applications, data, algorithms, film, tape, articles, memoranda, and other materials (the "Materials") not developed or licensed by the Emergency Manager prior to execution of this Contract, but specifically developed under this Contract and to use, modify, copy and create derivative works of the Materials.

B. During the performance of this Contract, the Emergency Manager shall be responsible for any loss of or damage to the Materials developed for or supplied by the State and used to develop or assist in the services provided while the Materials are in the possession of the Emergency Manager. Any loss or damage thereto shall be restored at the Emergency Manager's expense. The Emergency Manager shall provide the State full, immediate, and unrestricted access to the Materials and to Emergency Manager's work product during the term of this Contract.

37. Payments.

A. All payments shall be paid upon receipt of the invoices, as detailed in Paragraph 2 herein. Payment shall be made by direct deposit by electronic funds transfer to the financial institution designated by the Emergency Manager in writing. No payments will be made in advance of receipt of the goods or services that are the subject of this Contract except as permitted by IC §4-13-2-20.

B. The State Budget Agency and the Emergency Manager acknowledge that the Emergency Manager may be paid in advance for the maintenance of equipment and/ or software. Pursuant to IC §4-13-2-20(b)(14), Emergency Manager agrees that if it fails to perform the maintenance required under this Contract, upon receipt of written notice from the State, it shall promptly refund the consideration paid, pro-rated through the date of non-performance.

38. Penalties/Interest/Attorney's Fees. The State will in good faith perform its required obligations hereunder and does not agree to pay any penalties, liquidated damages, interest or attorney's fees, except as permitted by Indiana law, in part, IC §5-17-5, IC §34-54-8, IC §34-13-1 and IC § 34-52-2-3.

Notwithstanding the provisions contained in IC §5-17-5, any liability resulting from the State's failure to make prompt payment shall be based solely on the amount of funding originating from the State and shall not be based on funding from federal or other sources.

39. Progress Reports. The Emergency Manager shall submit progress reports to the State upon request. The report shall be oral, unless the State, upon receipt of the oral report, should deem it necessary to have it in written form. The progress reports shall serve the purpose of assuring the State that work is progressing in line with the schedule, and that completion can be reasonably assured on the scheduled date.

40. Public Record. The Emergency Manager acknowledges that the State will not treat this Contract as containing confidential information, and will post this Contract on its website as required by Executive Order 05-07. Use by the public of the information contained in this Contract shall not be considered an act of the State.

41. Renewal Option. This Contract may be renewed under the same terms and conditions, subject to the approval of the Commissioner of the Department of Administration and the State Budget Director in compliance with IC §5-22-17-4. The term of the renewed contract may not be longer than the term of the original Contract.

42. Severability. The invalidity of any section, subsection, clause or provision of this Contract shall not affect the validity of the remaining sections, subsections, clauses or provisions of this Contract.

43. Substantial Performance. This Contract shall be deemed to be substantially performed only when fully performed according to its terms and conditions and any written amendments or supplements.

44. Taxes. The State is exempt from most state and local taxes and many federal taxes. The State will not be responsible for any taxes levied on the Emergency Manager as a result of this Contract.

45. Termination Due to Termination of Distressed Political Subdivision Designation. In the event that the State, including the Indiana General Assembly and DUAB, terminates the School Corporation's status as a distressed political subdivision, this Contract shall be terminated on the same day that the School Corporation's status as a distressed political subdivision is terminated. The Emergency Manager shall provide phase-out and transition services for sixty (60) days following the termination of the Contract pursuant to this Section if requested by DUAB. In the event that DUAB terminates the School Corporation's status as a distressed political subdivision pursuant to IC 6-1.1-20.3-13, all performance incentives not yet claimed for the Contract Year in which the termination occurs shall be deemed to be achieved and the appropriate performance incentives shall be due to the Emergency Manager, unless it is impossible for such incentives to be achieved. For those performance incentives with varying amounts based on performance, the highest level of performance shall be deemed to be achieved, unless it is impossible for the highest level of performance to be achieved.

46. Termination for Convenience. The State may not terminate the Contract pursuant to this Section before July 1, 2018. This Contract may be terminated, in whole, by the State, which shall include and is not limited to IDOA and the State Budget Agency whenever, for any reason, the State determines that such termination is in its best interest after June 30, 2018. Termination of services shall be effected by delivery to the Emergency Manager of a Termination Notice at least ninety (90) days prior to the termination effective date, specifying the date on which such termination is to become effective. With respect to the earning of base pay as outlined in Paragraph 2 herein, the Emergency Manager shall be paid any payment for the base amount, as outlined in the applicable Payment Schedule provided in Paragraph 2.D., that is due prior to or on the effective date of termination. With respect to the earning of

performance incentives as outlined in Paragraph 2 herein, the Emergency Manager shall be paid for the applicable performance incentives, as outlined in Paragraphs 2.A., 2.B., or 2.C. herein, achieved, and not yet paid, during the Contract Year in which the termination for convenience occurs. Except for the performance incentives outlined in Paragraphs 2.B.(2) and 2.C.(2), in the event of a performance incentive for which the achievement date has not yet occurred as of the date of termination, DUAB shall pay a pro-rated amount of the performance incentive. The pro-rated amount shall be determined by calculating the number of days from the start of the Contract Year to the date of termination and dividing this number by the number of days from the start of the Contract Year to the achievement date as outlined in Paragraphs 2.A., 2.B., or 2.C. and multiplying this ratio by the applicable performance incentive amount. For the performance incentives outlined in Paragraph 2.B.(3) and 2.C.(1), the minimum level of the performance incentive shall be used in the calculation of the pro-rated amount at the time of termination, unless it is impossible for the minimum level of performance to be achieved. Once the achievement date and claim date for the performance incentives in Paragraphs 2.B.(3) and 2.C.(1) have passed, if a higher level of performance was met, DUAB shall pay the Emergency Manager the difference between the pro-rated amount, as calculated using the formula above, based on the higher level of performance achieved and the pro-rated amount paid at the time of termination. Whether it is impossible for an incentive to be achieved shall be determined with reference to the achievement date for the incentive. The performance incentives outlined in Paragraphs 2.B.(2) and 2.C.(2) are not eligible for the calculation of a pro-rated amount and must be achieved prior to the termination date in order to be paid by DUAB to the Emergency Manager. Apart from the payment of performance incentives as described herein, the State will not be liable for services performed after the effective date of termination. The Emergency Manager shall be compensated for services as described herein, but in no case shall total payment made to the Emergency Manager exceed the original contract price. For the purposes of this paragraph, the parties stipulate and agree that IDOA shall be deemed to be a party to this Contract with authority to terminate the same for convenience when such termination is determined by the Commissioner of IDOA to be in the best interests of the State.

47. Termination By State for Default By Emergency Manager.

A. With the provision of thirty (30) days' notice to the Emergency Manager, the State may terminate this Contract in whole or in part if the Emergency Manager fails to:

1. Correct or cure any breach of this Contract; the time to correct or cure the breach may be extended beyond thirty (30) days if the State determines progress is being made and the extension is agreed to by the parties;
2. Deliver the supplies or perform the services within the time specified in this Contract or any extension;
3. Make progress so as to endanger performance of this Contract; or
4. Perform any of the other provisions of this Contract.

B. If the State terminates this Contract in whole or in part, it may acquire, under the terms and in the manner the State considers appropriate, supplies or services similar to those terminated, and the Emergency Manager will be liable to the State for any excess costs for those supplies or services. However, the Emergency Manager shall continue the work not terminated.

C. The State shall pay the contract price for completed supplies delivered and services accepted. The Emergency Manager and the State shall agree on the amount of payment for manufacturing materials delivered and accepted and for the protection and preservation of the property. Failure to agree will be a dispute under the Disputes clause. The State may withhold from these amounts any sum the State determines to be necessary to protect the State against loss because of outstanding liens or claims of former lien holders.

D. The rights and remedies of the State in this clause are in addition to any other rights and remedies provided by law or equity or under this Contract.

E. The State agrees to hold the Emergency Manager harmless for errors or omissions in any that are incomplete as a result of any termination under this Section.

F. Notwithstanding this Section, if this Contract is terminated in part, the Emergency Manager may terminate this Contract by delivering a Termination Notice to the State at least thirty (30) days before the effective date set forth in such Notice.

48. Termination by Emergency Manager for Default By State.

A. The Emergency Manager may terminate this Contract in whole if the Emergency Manager determines that statutory changes enacted by the Indiana General Assembly have significantly and materially reduced the scope of the Emergency Manager's authority under this Contract as set forth in this Contract or in Attachment A. The Emergency Manager may only terminate the Contract pursuant to this Section on July 1 or within sixty (60) days of the close of a special session of the Indiana General Assembly in the year in which the relevant statutory changes are enacted by the Indiana General Assembly, whichever is later. The Emergency Manager shall notify the State at least sixty (60) days prior to terminating the Contract pursuant to this Section.

B. If at any other time, the Emergency Manager determines that DUAB has taken action that has significantly and materially reduced the scope of the Emergency Manager's authority under this Contract as set forth in this Contract or in Attachment A, the Emergency Manager shall notify DUAB in writing within thirty (30) days of DUAB's action reducing the scope of authority. The Emergency Manager may not terminate this Contract under this Section if it does not provide written notice within thirty (30) days of DUAB's action reducing the scope of authority. The notice to DUAB shall describe in detail the actions of DUAB which the Emergency Manager believes have significantly and materially reduced the scope of the Emergency Manager's authority under this Contract and the impact of such reduction on the ability of the Emergency Manager to fulfill the requirements of this Contract. DUAB shall have sixty (60) days from the date it receives notice under this Section to sufficiently remedy the actions that the Emergency Manager identifies in the notice provided under this Section and respond to the Emergency Manager in writing. If DUAB sufficiently remedies the actions identified by the Emergency Manager, the Emergency Manager may not terminate this Contract under this Section. If DUAB does not sufficiently remedy the actions identified by the Emergency Manager, the Emergency Manager may terminate this Contract but only if the Emergency Manager provides notice of such termination to DUAB within thirty (30) days of DUAB's determination that DUAB cannot or will not sufficiently remedy the actions that have significantly and materially reduced the scope of the Emergency Manager's authority identified by the Emergency Manager. Any termination under this Section shall take effect ninety (90) days after the Emergency Manager notifies the State that it intends to terminate the Contract under this Section or the date agreed to by the parties. For purposes of this Section, a "significant and material reduction in scope" shall mean a reduction in the scope of the Emergency Manager's authority under this Contract, which significantly and materially adversely affects the ability of the Emergency Manager to achieve incentive payments provided for in this Contract for which the achievement date has not yet passed.

C. In the event of termination under this paragraph, with respect to the earning of base pay as outlined in Paragraph 2 herein, the Emergency Manager shall be paid any payments for the base amount, as outlined in the applicable Payment Schedule provided in Paragraph 2.D., that are due prior to or on the effective date of termination. With respect to the earning of performance incentives as outlined in Paragraph 2 herein, the Emergency Manager shall be paid for the performance incentives available in the Contract Year in which the termination occurs for which the Emergency Manager's ability to achieve the incentive

payments has been significantly and materially adversely affected by a significant and material reduction in scope, as defined herein, unless it is impossible for such incentives to be achieved. Whether it is impossible for an incentive to be achieved shall be determined with reference to the achievement date for the incentive. For those performance incentives outlined in Paragraph 2.B.(3) and 2.C.(1), the lowest level of the performance incentive shall be paid by DUAB to the Emergency Manager, unless a higher level of performance is achieved. Once the achievement date and claim date for the performance incentives in Paragraphs 2.B.(3) and 2.C.(1) have passed, if a higher level of performance was met, DUAB shall pay the Emergency Manager the difference between the performance incentive based on the higher level of performance achieved and the amount paid at the time of termination.

D. The State agrees to hold the Emergency Manager harmless for errors or omissions in any that are incomplete as a result of any termination under this Section.

49. Travel. No expenses for travel will be reimbursed above and beyond the base amount set forth in Section 2 hereof, unless specifically permitted under the scope of services or consideration provisions and approved in advance by DUAB or the DUAB Executive Director. Such expenditures made by the Emergency Manager for travel will be reimbursed at the current rate paid by the State and in accordance with the State Travel Policies and Procedures as specified in the current Financial Management Circular. Any such out-of-state travel requests must be reviewed by the State for availability of funds and for appropriateness per Circular guidelines.

50. Indiana Veteran's Business Enterprise Compliance. Removed by agreement of the parties.

51. Waiver of Rights. No right conferred on either party under this Contract shall be deemed waived, and no breach of this Contract excused, unless such waiver is in writing and signed by the party claimed to have waived such right. Neither the State's review, approval or acceptance of, nor payment for, the services required under this Contract shall be construed to operate as a waiver of any rights under this Contract or of any cause of action arising out of the performance of this Contract, and the Emergency Manager shall be and remain liable to the State in accordance with applicable law for all damages to the State caused by the Emergency Manager's negligent performance of any of the services furnished under this Contract.

52. Work Standards. The Emergency Manager shall execute its responsibilities by following and applying at all times the highest professional and technical guidelines and standards. If the State becomes dissatisfied with the work product of or the working relationship with those individuals assigned to work on this Contract, the State may request in writing the replacement of any or all such individuals, and the Emergency Manager shall grant such request.

53. State Boilerplate Affirmation Clause. I swear or affirm under the penalties of perjury that I have not altered, modified, changed or deleted the State's Boilerplate contract clauses (as contained in the *2016 OAG/ IDOA Professional Services Contract Manual*) in any way except for the following clauses which are named below:

1. Duties of the Emergency Manager
2. Consideration
3. Term
5. Assignment; Successors
7. Audits
10. Compliance with Laws
13. Continuity of Services
15. Default by State
16. Disputes

- 17. Drug-Free Workplace Certification
- 19. Employment Option
- 21. Funding Cancellation
- 25. Statutory Limits on Liability
- 26. Independent Entity; Worker's Compensation Insurance
- 27. Information Technology Enterprise Architecture Requirements
- 28. Insurance
- 29. Key Persons
- 32. Minority and Women's Business Enterprise Compliance
- 35. Order of Precedence; Incorporation by Reference
- 36. Ownership of Documents and Materials
- 37. Payments
- 45. Termination Due to Termination of Distressed Political Subdivision Designation
- 46. Termination for Convenience
- 47. Termination by State for Default by Emergency Manager
- 48. Termination by Emergency Manager for Default by State
- 49. Travel
- 50. Indiana Veteran's Business Enterprise Compliance

Throughout the contract, "Contractor" has been changed to "Emergency Manager" to reflect the actual business arrangement between the State and the Emergency Manager.

Non-Collusion and Acceptance

The undersigned attests, subject to the penalties for perjury, that the undersigned is the Emergency Manager, or that the undersigned is the properly authorized representative, agent, member or officer of the Emergency Manager. Further, to the undersigned's knowledge, neither the undersigned nor any other member, employee, representative, agent or officer of the Emergency Manager, directly or indirectly, has entered into or been offered any sum of money or other consideration for the execution of this Contract other than that which appears upon the face hereof. **Furthermore, if the undersigned has knowledge that a state officer, employee, or special state appointee, as those terms are defined in IC 4-2-6-1, has a financial interest in the Contract, the Emergency Manager attests to compliance with the disclosure requirements in IC 4-2-6-10.5.**

In Witness Whereof, Emergency Manager and the State have, through their duly authorized representatives, entered into this Contract. The parties, having read and understood the foregoing terms of this Contract, do by their respective signatures dated below agree to the terms thereof.

Gary Schools Recovery, LLC

By: Fred Seamon
Fred Seamon, Manager

Date: 10/9/17

Distressed Unit Appeal Board

By: Mich G. Vincent

Mich G. Vincent, DUAB Chairman

Name and Title, Printed

Date: 10/12/17

Approved by:

Indiana Department of Administration

By: Jessica Robertson (for)
Jessica Robertson, Commissioner

Date: 10/13/17

Approved by:

State Budget Agency

By: Jason D. Dudich (for)
Jason D. Dudich, Director

Date: 10/25/2017

APPROVED as to Form and Legality:

Office of the Attorney General

Curtis T. Hill, Jr. (for)
Curtis T. Hill, Jr., Attorney General

Date: 10/25/2017

Approved by:

Indiana Office of Technology

By: **Not Required**

ATTACHMENT A

SCOPE OF SERVICES

Pursuant to Senate Enrolled Act ("SEA") 567-2017, the Emergency Manager shall serve as the emergency manager for Gary Community School Corporation ("School Corporation"). In this role, the Emergency Manager shall perform any and all actions necessary to fully and completely fulfill the duties and responsibilities of the emergency manager set forth in SEA 567-2017, including the following services:

STATUTORY RESPONSIBILITIES

1. The Emergency Manager shall assume and exercise all of the power, authority, and responsibilities of both the Superintendent (as the School Corporation's executive) and the School Corporation's Board of Trustees (as the School Corporation's fiscal body) during the time in which the School Corporation is a distressed political subdivision. The Emergency Manager shall have full responsibility and authority related to financial and academic matters of the School Corporation, and the Emergency Manager may act on these financial and academic matters without the approval of the Fiscal Management Board or the School Corporation's Board of Trustees. The School Corporation's Superintendent, or the Superintendent's designee, shall work with the Emergency Manager and serve as a resource in an administrative capacity.
2. The Emergency Manager may adopt, amend or enforce ordinances and resolutions relating to or affecting the fiscal stability of the School Corporation.
3. The Emergency Manager may impose only those taxes or fees that the School Corporation is authorized by law to impose.
4. The Emergency Manager shall negotiate and enter into labor contracts and collective bargaining agreements on behalf of the School Corporation. The Emergency Manager shall review existing labor contracts and collective bargaining agreements and, if the Emergency Manager considers it appropriate, the Emergency Manager may attempt to renegotiate such labor contracts and collective bargaining agreements.
5. Subject to existing labor contracts and collective bargaining agreements applicable to the School Corporation, the Emergency Manager may do any of the following:
 - a. Set the salaries and other compensation of the School Corporation's employees.
 - b. Identify and implement labor force reductions.
 - c. Outsource services performed by employees of the School Corporation.
 - d. Reduce or suspend salaries of the School Corporation's employees.
6. The Emergency Manager shall approve payroll and other claims against the School Corporation before payment.
7. The Emergency Manager shall review each contract that is in effect for the School Corporation and may, if prudent, renegotiate or cancel the contract to the extent permitted by the contract.
8. The Emergency Manager may make, approve or disapprove the following:
 - a. A contract.
 - b. An expenditure.
 - c. A loan.
 - d. The creation of any new position.
 - e. The filling of any vacant position.
9. The Emergency Manager may do any of the following:
 - a. Enter into agreements with other political subdivisions for the provision of services.
 - b. Close facilities of the School Corporation.
 - c. Sell assets, including real property, of the School Corporation.

- i. If the Emergency Manager sells real property, any political subdivision that has territory where the real property is located and institutions of higher education with real property located in Indiana shall be given a thirty (30) day first right to make an offer to purchase the real property. The Emergency Manager shall determine whether it is appropriate to accept one (1) of these offers and shall negotiate the terms and conditions of the sale of the real property to the offeror.
 - ii. The Emergency Manager shall provide written notice to the Mayor of the City of Gary at least thirty (30) days before selling assets. If the Mayor of the City of Gary notifies the Emergency Manager of any concerns or objections regarding the proposed sale of the assets, the Emergency Manager must confer with the Mayor regarding those concerns or objections.
 - d. Transfer property not needed by the School Corporation.
 - i. The Emergency Manager shall provide written notice to the Mayor of the City of Gary at least thirty (30) days before transferring property. If the Mayor of the City of Gary notifies the Emergency Manager of any concerns or objections regarding the proposed transfer of property, the Emergency Manager must confer with the Mayor regarding those concerns or objections.
 - e. Acquire real property that is necessary to achieve the goals expressed in the written financial plan. Acquisition of real property for school building purposes is subject to DUAB approval pursuant to IC 6-1.1-20.3-8.7.
 - f. Request technical assistance from DUAB and State agencies to assist in carrying out the powers and duties of the Emergency Manager as outlined in Indiana Code 6-1.1-20.3-8.5(b).
 - g. Request a waiver from the application of IC 6-1.1-20.6-9.8 regarding the allocation of protected taxes. To do so, the Emergency Manager must submit, before May 1 of the year for which the waiver is sought, a written request to DUAB.
10. The Emergency Manager may not approve any of the following actions without first obtaining DUAB approval:
- a. Acquiring real property.
 - b. Constructing new buildings or remodeling or renovating existing buildings.
 - c. Incurring a contractual obligation (except for maintenance contracts or an employment contract for a new employee whose employment replaces the employment of a former employee) that requires an expenditure of more than thirty thousand dollars (\$30,000).
 - d. Purchasing or entering into an agreement to purchase personal property at a cost of more than thirty thousand dollars (\$30,000).
 - e. Adopting or advertising a budget, tax levy, or tax rate for an ensuing budget year.
11. The Emergency Manager may petition DUAB to terminate the School Corporation's status as a distressed political subdivision when the conditions in IC 6-1.1-20.3-6.5 are no longer applicable to the School Corporation and the conditions set in IC 6-1.1-20.3-13(b) are met.

FINANCIAL RESOURCES

1. The Emergency Manager may request that DUAB delay or suspend payments of principal and/or interest on the School Corporation's loans or advances from the Common School Fund. In making this request, the Emergency Manager shall provide DUAB with an analysis documenting the reason for the request and the long-term impact of the delay or suspension if approved.
2. The Emergency Manager may request that DUAB recommend to the State Board of Finance that the State Board of Finance make an interest free loan from the Common School Fund. In making this request, the Emergency Manager shall provide DUAB with an analysis documenting the reason for the request and the long-term impact of the loan if approved.

3. The Emergency Manager may provide recommendations to DUAB of appropriate benchmarks of financial improvement for the School Corporation.
4. The Emergency Manager may request a grant or grants to the School Corporation from the funds appropriated to DUAB to assist the school corporation in overcoming short term financial problems. DUAB may provide a grant or grants to the School Corporation in amounts determined by DUAB.
5. The Emergency Manager may provide DUAB with a debt restructuring plan for the possible restructuring of advances made to the School Corporation from the Common School Fund, including possible forgiveness of those advances. The debt restructuring plan shall document the reason for the plan and the long-term impact of the debt restructuring if approved.
6. The Emergency Manager may request a loan from the counter-cyclical revenue and economic stabilization fund under IC 6-1.1-21.4-3(b).
7. The Emergency Manager shall review the School Corporation's budget. The Emergency Manager shall prepare and adopt an annual budget for the School Corporation that dedicates a significant part of the School Corporation's budget to eliminating the School Corporation's outstanding financial obligations. In preparing the budget, the Emergency Manager shall consult with the School Corporation's Board of Trustees, the Fiscal Management Board, and the Mayor of the City of Gary. The Emergency Manager shall present the proposed budget to DUAB for review and approval.
8. The Emergency Manager shall attempt to negotiate with the creditors of the School Corporation to establish a plan specifying the schedule for paying each creditor. The Emergency Manager shall submit the plan to DUAB for approval.
9. In consultation with the Fiscal Management Board, the School Corporation's Board of Trustees and the Mayor of the City of Gary, the Emergency Manager shall conduct a financial and compliance audit of the operations of the School Corporation. The Emergency Manager shall then develop a written financial plan for the School Corporation, the object of which is to achieve financial stability for the School Corporation. The written financial plan must include provisions for paying all of the School Corporation's outstanding obligations and for paying all future obligations of the School Corporation in a timely manner. This written financial plan shall be provided to DUAB no later than January 31, 2018.
10. The Emergency Manager shall provide DUAB with a comprehensive long-term plan for paying all of the School Corporation's outstanding obligations no later than January 31, 2018. This plan can be combined with the written financial plan documented above.
11. The Emergency Manager shall update the written financial plan at least once every (6) months after the date of providing the original written financial plan to DUAB or more frequently as needed in order to allow the written financial plan to reflect the most current financial status of the School Corporation.

STAFFING

1. The Emergency Manager shall employ a chief financial officer for the School Corporation. The chief financial officer is an employee of the School Corporation. The Emergency Manager shall interview at least one resident of the City of Gary as a candidate for the position. If the Emergency Manager is not able to interview a resident of the City of Gary as a candidate for the position, the Emergency Manager shall interview at least one resident of Lake County or northwest Indiana as a candidate for the position. The Emergency Manager shall supervise the chief financial officer, in order to ensure that the chief financial officer carries out its duty to report to the Emergency Manager and assist the Emergency Manager in carrying out the day to day financial operations of the School Corporation. The Emergency Manager shall obtain approval from DUAB before hiring someone to fill this role.

2. The Emergency Manager shall employ a chief academic officer for the School Corporation, after consultation with the Department of Education. The chief academic officer is an employee of the School Corporation. The Emergency Manager shall interview at least one resident of the City of Gary as a candidate for the position. If the Emergency Manager is not able to interview a resident of the City of Gary as a candidate for the position, the Emergency Manager shall interview at least one resident of Lake County or northwest Indiana as a candidate for the position. The Emergency Manager shall supervise the chief academic officer, in order to ensure that the chief academic officer carries out its duty to report to the Emergency Manager and assist the Emergency Manager in carrying out the academic matters of the School Corporation. The Emergency Manager shall obtain approval from DUAB before hiring someone to fill this role.

ENGAGEMENT WITH STAKEHOLDERS

1. The Emergency Manager shall consult with and consider recommendations from the Fiscal Management Board and the School Corporation's Board of Trustees.
2. The Emergency Manager shall supervise the Fiscal Management Board in order to ensure that the Fiscal Management Board carries out its duty to serve as a liaison to DUAB, the Mayor of the City of Gary, and the Department of Education in developing a transition plan and providing information on a regular basis to parents, students, employees of the School Corporation, and the public.
3. The Emergency Manager shall have a member of the Emergency Manager's project team, who has final decision-making authority sufficient to ensure the continued and uninterrupted operation of the School Corporation, on-site at the School Corporation at least 90% of the work week. As much as possible, the Emergency Manager's employee filling the role of emergency manager shall be on-site at the School Corporation.
4. The Emergency Manager shall attend Board of Trustees' meetings and present as needed at such meetings. The Emergency Manager shall provide the DUAB Executive Director with a copy of any information to be presented prior to presenting the information in a public meeting, at least forty-eight (48) hours prior to the start of the public meeting.
5. The Emergency Manager shall schedule regular meetings with representatives of the School Corporation's teachers, principals, administrators and other staff members.
6. The Emergency Manager shall implement community engagement measures which may include town hall meetings, electronic messaging, and other means. The Emergency Manager shall notify the DUAB Executive Director of planned community events at least two days prior to the event.
7. The Emergency Manager shall meet with key stakeholders at the request of DUAB, including members of the General Assembly, the Department of Education, State Board of Accounts, the Department of Local Government Finance, the City of Gary, and other stakeholders as identified by DUAB.
8. The Emergency Manager shall notify the DUAB Executive Director of any planned media contact, including, but not limited to, press releases, press conferences and media interviews at least twenty-four (24) hours in advance of the contact, if possible. If twenty-four (24) hour notice is not possible, the Emergency Manager shall provide as notice as soon as possible to the DUAB Executive Director. For unplanned media contact, the Emergency Manager shall notify the DUAB Executive Director as soon as possible after the contact, providing a summary of the questions and answers provided, if applicable.
9. The Emergency Manager shall provide the DUAB Executive Director with a copy of any information to be presented at a public meeting prior to presenting the information at least forty-eight (48) hours prior to start of the public meeting.
10. The Emergency Manager shall attend DUAB meetings and present as requested at such meetings.

ANALYSIS AND REPORTING

1. The Emergency Manager shall evaluate the educational services provided by the School Corporation, including but not limited to classroom instruction, special education, career/technical education and student extra-curricular activities, in relation to their impact on the financial status of the School Corporation. The Emergency Manager shall develop a long-term plan for providing such services, including recommendations for cost savings, revenue generation or efficiencies as possible. This evaluation shall be provided to DUAB by December 31, 2017.
2. The Emergency Manager shall develop a master plan for the operation of the School Corporation's facilities, including maintenance, repairs, renovations and construction if needed. The master plan should provide for improved facility utilization and education stability. The master plan should identify all real property assets of the School Corporation and determine the best approach for managing or dispensing of these assets when considering the financial impact to the School Corporation and the impact these assets have on the surrounding neighborhood and the City of Gary overall. The master plan should also include an analysis of the School Corporation's long-term capital plant needs, including consideration for potential increases or decrease in student enrollment and modifications to the services provided by the School Corporation. The Emergency Manager shall seek community input in the development of the master plan. This master plan shall be provided to DUAB by May 31, 2018.
3. The Emergency Manager shall evaluate the non-educational services provided by the School Corporation, including but not limited to food services, security and safety, custodial services and building and grounds maintenance, in relation to their impact on the financial status of the School Corporation. The Emergency Manager shall develop a long-term plan for providing such services, including recommendations for cost savings, revenue generation or efficiencies as possible. This evaluation shall be provided to DUAB by May 31, 2018.
4. The Emergency Manager shall provide DUAB with a long-term plan for providing adequate personnel and a plan for the compensation of such personnel. The plan should provide scenarios to account for potential increases or decreases in student enrollment, as well as modification of the services provided by the School Corporation. This plan shall be provided to DUAB by December 31, 2017.
5. The Emergency Manager shall provide DUAB with an analysis of the School Corporation's transportation services, including recommendations for cost savings and a long-term plan for meeting transportation needs, by May 31, 2018.
6. The Emergency Manager shall prepare an analysis and report on the geographic boundaries of the School Corporation. The report shall include recommendations concerning alternative boundaries for the School Corporation and an assessment of the potential financial implications of such alternatives. The report shall be provided to DUAB by May 31, 2018.
7. The Emergency Manager shall prepare an analysis and report on the governance structure of the School Corporation. The report shall include recommendations on alternative governance structures and an evaluation of the ability of such governance structures to ensure the financial and educational success of the School Corporation. The report shall be provided to DUAB by May 31, 2018.
8. The Emergency Manager shall review and evaluate the various processes and systems utilized by the School Corporation and make recommendations as to improvements that can be made. Processes and systems include, but are not limited to, financial management software, payroll processing and records management. The Emergency Manager shall provide such evaluations to DUAB no later than December 31, 2017. The evaluations can be provided individually as certain processes and systems are analyzed or may be combined into one report. After DUAB review of the evaluations and recommendations, the Emergency Manager shall work to implement approved improvements.

9. The Emergency Manager shall submit a written report to DUAB each month by the fifth day of the month. The written report shall include the following:
 - a. Actions taken by the Emergency Manager on behalf of the School Corporation in the prior month.
 - b. School Corporation expenditures made by the Emergency Manager.
 - c. The progress that has been made toward achieving financial stability for the School Corporation.

The Emergency Manager shall provide copies of the written report to the School Corporation's Board of Trustees, the Fiscal Management Board and the Mayor of the City of Gary. On a quarterly basis, the Emergency Manager shall present these reports at a public meeting of the Fiscal Management Board.

10. In addition to the written monthly reports, the Emergency Manager shall provide a weekly status update to the DUAB Executive Director. Such status updates can be made in written or verbal form as agreed-upon by the Emergency Manager and the DUAB Executive Director.
11. The Emergency Manager shall first obtain DUAB approval before commencing any significant decisions or actions. The Emergency Manager must provide the DUAB Executive Director with sufficient notice to enable DUAB to fully review and evaluate the decision or action. At a minimum, such notice must be provided at least thirty (30) days in advance of the time for commencing any decisions or actions, unless the DUAB Chairman agrees to a shorter advance notice. Such decisions or action items include, but are not limited to, the following:
 - a. Issuance of any debt or incurring of any loan obligations.
 - b. Any project to be undertaken that is anticipated to have more than \$250,000 in expenses in aggregate, even if structured as individual projects.
 - c. Closing a school building or a major program operated by the School Corporation.
 - d. Modifications to the operational model utilized at the School Corporation, including any implementation of innovation networks, transformation zones or charter schools.
12. The Emergency Manager shall comply with all federal, state, and local reporting requirements and ensure that all reports are submitted in a timely and thorough manner so as to meet all program requirements. The Emergency Manager shall provide a copy of submitted reports to the DUAB Executive Director within five days of submission to the appropriate entity.
13. The Emergency Manager shall provide DUAB with other information, reports or recommendations as requested by DUAB or the DUAB Executive Director.

OTHER DUTIES/PROVISIONS

1. The Emergency Manager shall comply with the guidelines and statutes for Indiana school corporations and shall administer all programs, contracts, grants and awards in accordance with all federal, state, and local laws, regulations, and guidelines. The Emergency Manager, as the Superintendent and Board of Trustees, shall comply with all federal, state, and local laws, rules, regulations, and ordinances, and all provisions required thereby just as the School Corporation, the Superintendent, and Board of Trustees would be required to comply with such laws, rules, regulations, and ordinances, except to the extent such laws, rules, regulations, and ordinances are abrogated by SEA 567-2017. Where federal, state, and local laws, rules, regulations, and ordinances, and all provisions required thereby require separate or complementary actions by the Superintendent and the Board of Trustees, the Emergency Manager shall, in consultation with the DUAB, establish alternative procedures sufficient to ensure similar procedural checks and balances to the extent feasible.
2. The Emergency Manager and any member of the Emergency Manager's team who will be on School Corporation property or in School Corporation buildings must complete a criminal background check and any school safety training required of employees of school corporations. Such must be completed within the time period afforded by law. The Emergency Manager must

notify the DUAB Executive Director of all members of their team who will be on School Corporation property or in School Corporation buildings twenty-four (24) hours before the employee enters School Corporation property or buildings. The Emergency Manager must provide a copy of the results of the background check to the DUAB Executive Director within five days of the completion of the background check. DUAB may request additional information about Emergency Manager employees or bar Emergency Manager employees from the School Corporation or participation in the engagement.

3. The Emergency Manager shall obtain surety bonds for any member of the Emergency Manager's team that will have authority over or access to public funds of the School Corporation. These surety bonds shall be obtained in the same manner for which bonds would be required for the Superintendent, School Corporation Board of Trustees and any other School Corporation employee for which a surety bond would typically be required. The surety bonds shall be obtained within thirty (30) days of the execution of this contract. Documentation of the bonds shall be provided to the DUAB Executive Director within five (5) days of obtaining the bonds.